

Audit Committee minutes Monday 15 October 2018

Members:

Ailsa Beaton (chair)	Non-Executive Director
Roger Barlow	Independent Audit Committee member
Jane McCall	Non-Executive Director

Attendees:

ICO

Paul Arnold	Deputy Chief Executive Officer
Louise Byers	Director of Corporate Affairs and Governance
Heather Dove	Head of Finance
Andrew Hubert	Director of Resources

Internal Auditors

Michaela Spiller	Mazars
Gary Stewart	Mazars

External Auditors

Sid Sidhu	National Audit Office (NAO)
David Eagles	BDO (joined by phone)

Secretariat

Chris Braithwaite	Senior Corporate Governance Manager
Caroline Robinson	Corporate Governance Officer

1. Introductions and apologies

- 1.1. Apologies were received from Elizabeth Denham, Matthew Atkinson (NAO) and Peter Cudlip (Mazars).
- 1.2. The Chair welcomed Sid Sidhu to the meeting as the new National Audit Office Director responsible for the Department of Culture, Media and Sport; Andrew Hubert as the new Director of Resources; and Chris Braithwaite as the new Senior Corporate Governance Officer.

2. Declaration of interests

- 2.1. No declarations were made.

3. Matters arising from the previous meeting

- 3.1. The minutes of the previous meeting were agreed.
- 3.2. Paul Arnold explained that the Terms of Reference of the Remuneration Committee had been updated and shared with the Trade Unions Paul Arnold agreed that further updates could be provided to the next meetings of the Management Board and Audit Committee.

Action 1: Paul Arnold to provide an update regarding the Remuneration Committee to be provided to the Management Board's November meeting.

Action 2: Paul Arnold to provide to provide a further update on the Remuneration Committee to be provided to the Audit Committee's January meeting.

- 3.3. The Committee requested that an update be provided to the next meeting regarding the programme and progress towards agreeing the 2018/19 Financial Statements.

Action 3: Heather Dove and Chris Braithwaite to provide a report to the January meeting regarding the programme and progress towards agreeing to the 2018/19 Financial Statements.

4. DCEO's update

- 4.1. Paul Arnold updated the Committee on major issues affecting the ICO, in particular progress towards the EU Exit.
- 4.2. The Committee was provided with an update regarding ongoing major investigations, including the potential cost of the investigations.
- 4.3. Paul Arnold explained that over the last quarter, significant work had been done to develop the new People Strategy, inducting new staff into the organisation (including

the new tier of Directors below the Executive Team) and updating risk management and business planning processes in order to embed these practices into the business.

5. Risk and Opportunity Management – Full Review

5.1. Louise Byers informed the Committee that a full review of the ICO's Risk and Opportunity Register had been completed in September 2018. The Committee welcomed the new format for the register and agreed that it was beneficial for the Committee to review the full register on an annual basis.

5.2. The Committee noted that there were a large number of risks rated as red and suggested that scenario planning should be conducted to determine the impact if multiple red risks materialised in the same time period. There were likely to be interdependencies between these risks which could have a significant impact in such a scenario. It was suggested that contingencies could be added within the actions to control the risks.

Action 4: Paul Arnold to ensure that scenario planning be conducted to determine the impact of multiple red risks materialising in the same time period.

5.3. The Committee discussed whether the number of red risks indicated that risks were habitually being rated too highly. Paul Arnold commented that this may be the case, but given the recent changes in the organisation, it was appropriate to err on the side of prudence. He expected many of the risks to reduce in the coming weeks and months, particularly demand-related risks, as these would be mitigated by improvements in workforce capability and flexibility of resources.

5.4. The Committee discussed the top risk within the register, which was related to the exit from the European Union.

Action 5: Paul Arnold to provide a report on EU Exit planning to the next Management Board meeting.

6. Finance

6.1. Heather Dove introduced the August finance report, which had been circulated in advance of the meeting.

7. Outstanding audit actions

- 7.1. Chris Braithwaite confirmed that there are no late recommendations and that three recommendations had been cleared since the last meeting.

8. Internal audit (Mazars)

- 8.1. Gary Stewart introduced a report providing an Internal Audit progress update, highlighting that the IT audits (IT Strategy and Cyber Security) had been moved to Q4 2018/19, to allow the new IT management structure to become embedded in the organisation.
- 8.2. Michaela Spiller introduced reports providing information of the completed audits (Assurance Mapping and Financial and Budget Planning).
- 8.3. The Committee agreed that although the Assurance Mapping audit had been advisory, the actions should be included within the regular Outstanding Audit Recommendations report.

Action 6: Chris Braithwaite to include the recommendations from the Assurance Mapping audit in the regular Outstanding Audit Recommendations report.

9. External audit (NAO/BDO)

- 9.1. Sid Sidhu confirmed that there were no specific external audit matters to raise for discussion which had not already been discussed.

10. Lessons learnt –August 2018 website outage

- 10.1. Paul Arnold presented a report on lessons learnt from the ICO's website outage in August 2018.
- 10.2. Sid Sidhu commented that the ICO should ensure that the risk of a website outage was reflected within the risk and opportunity register.

11. Gifts and Hospitality Policy and Third Party Collaboration Policy

- 11.1. Louise Byers presented a report setting out a revised version of the ICO's Gifts and Hospitality Policy and a new Third Party Collaboration Policy.
- 11.2. The Committee agreed that Non-Executive Directors and the Independent Member should be asked to provide a

quarterly return on the gifts and hospitality they had received.

Action 7: Chris Braithwaite to ask Non-Executive Directors and Independent Members to provide a quarterly return on the gifts and hospitality they had received.

- 11.3. The Chair asked whether the policy with regard to Air Miles was in line with standard practice in the public sector. It was agreed that this aspect of the policy could be reviewed.

Action 8: Chris Braithwaite to review the treatment of Air Miles in the Gifts & Hospitality Policy to ensure it is in line with standard practice in the public sector.

12. Fraud, Whistleblowing and security – Q1 and Q2, 2018/19

- 12.1. Chris Braithwaite presented a report which provided information of security incidents in Q1 and Q2 of 2018/19. No incidents of fraud or whistleblowing had been reported. The Committee requested that future reports include more analysis of the causes of incidents and mitigating actions taken as a result.

Action 9: Chris Braithwaite to ensure that future Fraud, Whistleblowing and Security reports include more analysis of the causes of incidents and mitigating actions taken as a result.

13. NAO Guidance

- 13.1. Chris Braithwaite presented a report which provided the Committee with the NAO's October 2018 "Round-up for Audit Committees".
- 13.2. The Chair informed the Committee that she would be attending a meeting of DCMS Audit Chairs on 6 November.

14. ICO Organisation Chart

- 14.1. The Committee was provided with an updated version of the ICO's Organisation Chart, following the significant changes to the ICO's structure since the last Committee meeting.

15. Any other urgent business

- 15.1. There were no items of other business.